

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

	x
In re	:
	:
SEARS HOLDINGS CORPORATION, et al.,	Chapter 11
	:
	:
Debtors.¹	Case No. 18-23538 (RDD)
	:
	(Jointly Administered)
	x

**ELEVENTH MONTHLY FEE STATEMENT OF M-III ADVISORY PARTNERS, LP
FOR COMPENSATION EARNED AND EXPENSES INCURRED
FOR PERIOD OF AUGUST 1, 2019 THROUGH AUGUST 31, 2019**

1. In accordance with the *Order Authorizing Debtors to Retain M-III Advisory Partners, LP to Provide a Chief Restructuring Officer and Certain Additional Personnel for Debtors Nunc Pro Tunc To Commencement Date* (ECF No. 814) (the “**Retention Order**”),² M-III Advisory Partners, LP (“**M-III**”) hereby submits its eleventh monthly report (the “**Monthly Report**”) on compensation earned and expenses incurred for the period

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are as follows: Sears Holdings Corporation (0798); Kmart Holding Corporation (3116); Kmart Operations LLC (6546); Sears Operations LLC (4331); Sears, Roebuck and Co. (0680); ServiceLive Inc. (6774); SHC Licensed Business LLC (3718); A&E Factory Service, LLC (6695); A&E Home Delivery, LLC (0205); A&E Lawn & Garden, LLC (5028); A&E Signature Service, LLC (0204); FBA Holdings Inc. (6537); Innnovel Solutions, Inc. (7180); Kmart Corporation (9500); MaxServ, Inc. (7626); Private Brands, Ltd. (4022); Sears Development Co. (6028); Sears Holdings Management Corporation (2148); Sears Home & Business Franchises, Inc. (6742); Sears Home Improvement Products, Inc. (8591); Sears Insurance Services, L.L.C. (7182); Sears Procurement Services, Inc. (2859); Sears Protection Company (1250); Sears Protection Company (PR) Inc. (4861); Sears Roebuck Acceptance Corp. (0535); SR – Rover de Puerto Rico, LLC (f/k/a Sears, Roebuck de Puerto Rico, Inc.) (3626); SYW Relay LLC (1870); Wally Labs LLC (None); SHC Promotions LLC (9626); Big Beaver of Florida Development, LLC (None); California Builder Appliances, Inc. (6327); Florida Builder Appliances, Inc. (9133); KBL Holding Inc. (1295); KLC, Inc. (0839); Kmart of Michigan, Inc. (1696); Kmart of Washington LLC (8898); Kmart Stores of Illinois LLC (8897); Kmart Stores of Texas LLC (8915); MyGofer LLC (5531); Rover Brands Business Unit, LLC (f/k/a Sears Brands Business Unit Corporation) (4658); Sears Holdings Publishing Company, LLC. (5554); Sears Protection Company (Florida), L.L.C. (4239); SHC Desert Springs, LLC (None); SOE, Inc. (9616); StarWest, LLC (5379); STI Merchandising, Inc. (0188); Troy Coolidge No. 13, LLC (None); BlueLight.com, Inc. (7034); Sears Brands, L.L.C. (4664); Sears Buying Services, Inc. (6533); Kmart.com LLC (9022); Sears Brands Management Corporation (5365); and SRe Holding Corporation (4816). The location of the Debtors’ corporate headquarters is 3333 Beverly Road, Hoffman Estates, Illinois 60179.

² Capitalized terms not otherwise herein defined shall have the meanings ascribed to such terms in the Retention Order.

commencing on August 1, 2019 through and including August 31, 2019 (the “**Reporting Period**”).

During the Reporting Period, M-III incurred total fees and expenses of \$992,659.87, comprised of \$985,687.50 of fees and \$6,972.37 of expenses.

2. During the Reporting Period, M-III provided services central to the Debtors’ restructuring process, including:

- a. Chief Restructuring Officer: Mohsin Y. Meghji in his role as Chief Restructuring Officer, continued to provide day-to-day oversight regarding issues including but not limited to: cash/liquidity management, the resolution of post-closing disputes with the Buyer, post-asset sale matters, and other Chapter 11 reporting requirements, as well as supervising all activity by the M-III team.
- b. Asset Disposition: After the closing, M-III prepared and updated analyses to reconcile cash proceeds received and credit card receipts between OldCo and the Buyer and prepared other analyses related to the sale. M-III also responded to numerous vendor inquiries related to non-payment due to the ongoing dispute between the Debtors’ Estate and the Buyer as to which entity will pay the creditors.
- c. Business Operations: On an ongoing basis, M-III assisted the Debtors with issues related to operating as a debtor-in-possession operating in chapter 11.
- d. Case Administration: On an ongoing basis, M-III advised and assisted the Debtors with respect to internal and external communications planning and documentation. M-III also prepared for and attended Bankruptcy Court hearings. M-III also completed analysis and assisted the Debtors on various motions. M-III also prepared for and participated in strategic meetings with Debtors’ counsel.
- e. Claims Administration and Objections: On an ongoing basis, M-III advised and assisted the Debtors with the 503(b)(9) claims reconciliation process for over 2,600 503(b)(9) claims that were asserted. M-III also advised and assisted the Debtors with the reconciliation process of administrative claims that were asserted. M-III also prepared omnibus objections to claims.
- f. Corporate Governance and Board Matters: On an ongoing basis, M-III prepared for and participated in meetings of the Restructuring Committee of the Board.
- g. Employment and Fee Applications: M-III prepared its monthly invoice in compliance with its retention order. M-III also coordinated with the company to submit professional fee invoices for payment and updated the professional fee reporting.

- h. Estate Tracker Reporting: M-III also prepared weekly reports to illustrate cash flows and liquidity as compared to the forecast including related methodologies, as well as cash management planning. M-III distributed the weekly variance reports to the Restructuring Committee and Creditors' Committee and addressed questions from these parties as they arose.
- i. Litigation: M-III aggregated discovery materials in response to the subpoena served to M-III and prepared for depositions. M-III also participated in and attended depositions and the contested hearings regarding APA and 507(b) disputes.
- j. Meetings and Communications with Creditors: On an ongoing basis, M-III prepared for and participated in meetings and teleconferences with the Official Committee of Unsecured Creditors and their respective advisors.
- k. Meetings and Communications with Restructuring Committee: On an ongoing basis, M-III prepared and participated in meetings and teleconferences with the Debtors' Restructuring Committee.
- l. Plan of Reorganization and Disclosure Statement: M-III prepared and updated various scenarios regarding the liquidation analysis by debtor on a consolidated and deconsolidated basis. M-III also analyzed the various claims filed by class and supporting assumptions.
- m. Preference Analysis: M-III worked with the preference firms to analyze the payments made that may be subject to preference actions and supported the preference project across the engaged firms.
- n. Real Estate – Assumption and Rejection of Leases and Contracts: On an ongoing basis, M-III assisted the Debtors with lease analyses, lease negotiation, and execution of lease strategy.
- o. Real Estate – Property Management: On an ongoing basis, M-III assisted the Debtors in the management of its real estate assets.
- p. Real Estate – Property Taxes Payable by the Estate: On an ongoing basis, M-III assisted the Debtors in analyzing property tax bill presented for payment to determine what amount, if any, is owed by the Debtors or potentially other parties.
- q. Real Estate – Unencumbered Real Estate Sales & Analysis: On an ongoing basis, M-III assisted the Debtors in due diligence, analysis, reporting, marketing and monetization related to the unencumbered real estate. M-III worked closely with the Debtors to list, market and sell unencumbered assets to a variety of real estate investors. M-III also assisted the Debtors with the analysis of unencumbered properties with a view towards selling these assets in a timely manner for favorable prices.

r. **Reporting:** On an ongoing basis, M-III assisted with matters related to the US Trustee, assisted the Debtors with accounting related items including but not limited to, aggregating monthly bank statements, updating the master list of bank accounts, Monthly Operating Report (MOR), developing and updating the OldCo budget and other accounting related items.

3. **Exhibit A** attached hereto includes a list of the personnel that provided services to the Debtors during the Reporting Period, their respective titles, their respective billing rates, the aggregate hours spent by each individual, and the total compensation earned by each individual.

4. **Exhibit B** attached hereto is a breakdown of the reasonable expenses incurred by M-III during the Reporting Period.

Dated: October 25, 2019
New York, New York

By: /s/ Mohsin Y. Meghji

Mohsin Y. Meghji
Managing Member
M-III Advisory Partners, LP
130 West 42nd St.,
17th Floor
New York, NY 10036

Exhibit A

Case No.: 18-23538 (RDD)

Case Name: Sears Holdings Corporation

M-III Advisory Partners, LP

August 1, 2019 Through August 31, 2019

Summary of Compensation Sought for the Reporting Period

TOTAL HOURS	TOTAL FEES (a)	TOTAL EXPENSES (b)	TOTAL COMPENSATION	MONTHLY COMPENSATION FEES (100%)	MONTHLY EXPENSES (100%)	TOTAL MONTHLY COMPENSATION
1,659.8	\$985,687.50	\$6,972.37	\$992,659.87	\$985,687.50	\$6,972.37	\$992,659.87

Note(s):

(a) Total fees of \$985,687.50 includes \$900,000.00 for hours billed as a fixed fee and \$85,687.50 for professionals billed on an hourly basis.

(b) Total expenses are net of voluntary reductions of \$311.88, as set forth in Exhibit B below.

Case No.: 18-23538 (RDD)

Case Name: Sears Holdings Corporation

M-III Advisory Partners, LP

August 1, 2019 Through August 31, 2019

Summary of Hours Billed by Professional Fixed Fee

Employee Name	Initial	Title	Total Hours	Total
Meghji, Mohsin	MM	Managing Partner	27.0	\$0.00
Griffith, Brian	BG	Managing Director	122.3	-
Murphy, William	WM	Senior Director	162.8	-
Good, Chris	CG	Director	81.0	-
Korycki, Mary	MK	Director	240.1	-
Acevedo, Enrique	EA	Vice President	132.3	-
Boffi, Jon	JB	Vice President	67.2	-
Larsen, Dan	DL	Senior Associate	165.6	-
Weber, Nicholas	NW	Associate	141.4	-
Kim, Tyler	TK	Senior Analyst	259.3	-
Urena, Amanda	AU	Analyst	86.4	-
Total (a)			1,485.4	\$900,000.00

Note:

(a) Per Debtors' Application for entry of an order Authorizing the Debtors to retain M-III Advisory Partners, LP to provide a Chief Restructuring Officer and certain additional personnel for Debtors Nunc Pro Tunc to commencement date; paragraph 20(i) [ECF No. 328] Compensation for Services. In accordance with the terms of the Engagement Letter, M-III shall be entitled to non-refundable professional fees at a flat rate of (i) during such time as the Core Team is comprised of the CRO plus ten (10) additional professionals, \$900,000 per month and (ii) during such time as the Core Team is comprised of the CRO plus eight (8) additional professionals, \$750,000 per month. If additional staffing is required, additional professionals will be billed at a rate which is \$50 less than M-III's standard hourly rates. [ECF No. 328]

Case No.: 18-23538 (RDD)

Case Name: Sears Holdings Corporation

M-III Advisory Partners, LP

August 1, 2019 Through August 31, 2019

Summary of Hours Billed by Professional

Employee Name	Initial	Title	Total Hours	Rate (a)	Total
Gallagher, William	WG	Managing Director	34.5	\$925	\$31,912.50
Allan, Dan	DA	Senior Associate	5.1	\$450	2,295.00
Barbieri, Zachary	ZB	Senior Associate	62.1	\$450	27,945.00
Zatzkin, Noah	NZ	Senior Associate	11.5	\$450	5,175.00
Ramnani, Ravi	RR	Analyst	29.0	\$300	8,700.00
Stoker, Clayton	CS	Analyst	30.5	\$300	9,150.00
Zapolsky, Zachary	ZZ	Analyst	1.7	\$300	510.00
Total			174.4		\$85,687.50

Note(s):

(a) Per Debtors' Application for entry of an order Authorizing the Debtors to retain M-III Advisory Partners, LP to provide a Chief Restructuring Officers and certain additional personnel for Debtors Nunc Pro Tunc to commencement date; paragraph 20(i) [ECF No. 328] Compensation for Services. In accordance with the terms of the Engagement Letter, M-III shall be entitled to non-refundable professional fees at a flat rate of (i) during such time as the Core Team is comprised of the CRO plus ten (10) additional professionals, \$900,000 per month and (ii) during such time as the Core Team is comprised of the CRO plus eight (8) additional professionals, \$750,000 per month. If additional staffing is required, additional professionals will be billed at a rate which is \$50 less than M-III's standard hourly rates. [ECF No. 328]

Exhibit B

Case No.: 18-23538 (RDD)

**Case Name: Sears Holdings Corporation
M-III Advisory Partners, LP**

August 1, 2019 Through August 31, 2019

Summary of Necessary Expenses Incurred

Description	Total
Air Travel	\$771.60
Meals (Local) (a)	1,043.57
Taxi/Car Service	3,496.77
Telephone/Internet/IT	1,915.31
Miscellaneous	57.00
Sub-Total Before Reductions	7,284.25
Voluntary Reductions	(311.88)
Total (b)	\$6,972.37

Note(s):

- (a) Meals (Local): Per person meal expenses have been capped at \$20 (dinner).
- (b) Total amounts are based on M-III's expense reporting system as of the date of this Monthly Report, and may not be reflective of all expenses incurred during the Reporting Period. As such, future monthly reports may include expenses incurred during the Reporting Period.